APPROED MINUTES
STATE BOARD OF EDUCATION
May 16-17, 2012
Special Board Meeting – Board Retreat
Boise, ID

A special Board meeting of the State Board of Education was held May 16-17, 2012. It originated from the Governor's (Simplot) House, in Boise Idaho. Board President Ken Edmunds presided and called the meeting to order at 8:00 a.m. A roll call of members was taken.

Present:

Ken Edmunds, President
Don Soltman, Vice President
Emma Atchley, Secretary
Tom Luna – joined at 8:45
Richard Westerberg
Bill Goesling
Milford Terrell
Rod Lewis – joined via phone; in person at 11:44

AGENDA APPROVAL

M/S (Soltman/Atchley): A motion to approve the agenda as posted. The motion carried unanimously.

The Board members entered into Executive Session at 8:00 a.m.

EXECUTIVE SESSION (Closed to the Public)

M/S (Soltman/Atchley): To meet in executive session to evaluate the presidents of Idaho's state higher education institutions and its executive director, pursuant to Idaho Code Section 67-2345(1)(b).

M/S (Westerberg/Goesling) To go out of executive session at 12:35 p.m. The motion carried unanimously.

BOARD RETREAT (Open Meeting)

The Board convened for regular business at 1:15 p.m. on May 16, 2012 for discussion of higher education funding facilitated by Jane Wellman, Executive Director of the National Association of System Heads (NASH), and Founding Director of Delta Project on Postsecondary Costs, Productivity and Accountability.

Executive Director Mike Rush introduced Ms. Wellman, indicating she is widely recognized for her work in public policy and higher education at both state and federal levels. Ms. Wellman has particular expertise in state fiscal policy, cost analysis, and strategic planning.

Ms. Wellman facilitated the discussion, thanking the Board for the invitation and opportunity to participate in this meeting. Ms. Wellman walked the Board members and institution representatives through a PowerPoint presentation about meeting the challenge of future financing for public higher education. Ms. Wellman hoped to discuss with the Board different approaches to budgeting, including performance based or outcome based budgeting, and provide responsive information the Board is seeking.

Ms. Wellman discussed the fractured dialogue about college costs and what lies ahead and commented the main goal is still the need to get more people as a society to a degree. She used the example of each person in a hunting party getting a different piece of the animal. Depending on what piece the person got, their perception of the animal was vastly different than another person's. The lack of clarity about the problem and the fact that different audiences see it differently, and the lack of coherent consistent language, adds to the understanding of cost problems.

Ms. Wellman summarized that the characterization of the problem changes depending on the audience – people see the problem through different frames. The public have a different perception than the faculty, and yet even more different than the student, for instance. For the most part, the public perception of higher education is positive. However, they see it as less accessible because tuition is going up, and college affordability is driving out opportunity. State fiscal officers often see the problem in a different frame, recognizing the importance of getting people degree attainment, and perhaps believing the institutions are not very well disciplined and could use greater efficiencies and productivity. Faculty often view it as a general theme which involves deteriorating standards in higher education and concern that there are too many students coming to the institutions not well prepared academically to be successful, and too many resources go toward remediation. Their solution is to fix K-12 and have better preparedness academically. She discussed how presidents are caught in what is referred to as the "iron triangle" of improving quality, increasing access and constraining costs. She added that if the institution does not have enough money to maintain its business model then there are two choices. Reduce access to protect quality, or, increase access at the expense of quality. She commented the presidents' solution is to rekindle public reinvestments in higher education – get more state funds coming in – because they don't see a way out of the triangle. She commented that the majority of private college presidents are in institutions that have relatively low endowments; they are tuition driven and tuition sensitive in a regional market. They see themselves caught in an amenities arms race in the pursuit of increased selectivity and greater student enrollment growth to give them money to compete for the kinds of things the faculty want. Presidents are increasingly caught up in a tuition-increasing spiral. These are all legitimate and accurate parts of the college cost problem.

Ms. Wellman indicated the most common framework of the rising college cost problem is the tuition prices are going up in comparison against declines in median family incomes. Real household income has fallen about 10% since the start of the last recession. One of the concerns is that the greatest drops occurred after the technical end of the Great Recession and the economy is just not rebounding in ways that Americans are used to and as were expected. She commented that unfortunately declining shares of Americans believe that college education is affordable. Public opinion shows that 75% of people asked disagree that college costs in general are such that most people are able to afford to pay for a college education. Only 35% of the general public feel that the value for the money spent on higher education is good; only 5% feel it is excellent. They assume prices are going up and simply don't see the value.

Ms. Wellman indicated she reviewed Idaho's patterns from the state perspective and they fit within the generalizations of others states' as discussed previously. Objectively, higher education spending, dollar-for-dollar, is more now than in 1987, with the exception of the years following the recession. State spending in every area except Medicare is going down. Generally speaking, when times are good, the legislature will spend on higher education. She pointed out that higher education spending in state budgets is the most vulnerable area for being cut. In the times of recession when budgets get cut, state spending goes down and higher education spending goes down considerably more. Over time, state spending on higher education is trending downward because of increasing healthcare costs. Additionally, being able to fall back on tuition if necessary is a way to cut budgets without cutting functionality.

Ms. Wellman identified a major challenge in higher education costs, commenting that spending is not increasing as fast as tuition costs and the gap between costs and prices is a problem. There is a price increase, but costs are flat or going down. Net tuition revenue is going up with virtually no change in spending per student. Overall, students are paying for more and ultimately getting less. Ms. Wellman shared slides showing the gaps in tuition revenue versus spending. She indicated public masters' spending per student per year were about 1% per year between 2000 through 2009 in public four-year institutions. This was against tuition increases averaging 5% per year, and state budget cuts averaging 0.5% per year.

She commented that among public institutions, research universities fared the best. In the public research institutions, there has been more of an ability to substitute tuition dollars for the loss in state appropriations. However, public research institutions are falling behind private research institutions. She added that private research institutions are becoming infinitely advantaged and the competitive pressures for the research institutions are very intense.

Ms. Wellman shared an analysis of how money gets spent in institutions by way of instruction, student services and administrative support and maintenance. She shared data on average education and related spending per FTE student by component at public institutions, along with the distribution of employees by job category, including the percent changes in faculty compensation from 1979 to 2008. Despite the belief that costs are going up because of spending on faculty, there is no evidence that faculty is driving spending increases. She said if there is a smoking gun, it is with employee benefits. In both the public and private sectors, benefits are where the greatest increases have been. The benefit share of compensation is where the increases have been, and public institutions over private show more of an advantage. Ms. Wellman identified the average annual increase in spending has been around 5% per year, and new money coming into higher education is going out the door due to health care costs. Ms. Wellman commented if there is a way to get a handle on spending, health care costs need to be looked at and it is a tricky issue.

Ms. Wellman shared historical information on how money is spent across higher education. The historic patterns in spending have shown costs are at the lowest at the entry level, first and second year. She pointed out a need to look at spending patterns where student attrition occurs. If we expect to be increasing educational attainment, we need to look at attrition since 43% of students are lost during the first year or less. High cost attrition are at the 4 year level. In one study, Bachelor of Arts Degree production costs increased an average of 40% from excess credits and attrition.

Board member Lewis left the meeting at 1:35 pm.

Ms. Wellman moved on to talk about internal budgeting and how money is spent. Most institutions are still on incremental or base-plus budgets. Relatively few in the public sector are on a performance based budget. She summarized when asked how effective their institution is in using financial data to make informed decisions, helping various stakeholders to understand financial challenges, maintaining the infrastructure, aligning financial planning with institutional strategic planning, etc., what you see are relatively low percentages gauging effectiveness in response to those types of questions. She said that means the budget model is not working, which is a different conversation. When asked if greater transparency in campus decision making will result in better financial decisions, there were very strong percentages in the yes column. She said there is a belief the people who are managing the budgets are not using the data very well and that greater transparency about data and spending would be helpful.

She commented the challenge is still to break the iron triangle between access, quality and funding. She asked if it is it possible to do more with the money we have without compromising quality, and is money necessary for quality. She said the research on higher education spending against quality is poor. There is a strong correlation between money, reputation and rankings. There is weak evidence about overall spending and measured outcomes. The way money gets spent matters more than how much there is. For example, a badly funded community college that is putting more resources into student services and teaching is getting better results in student retention. Money in student services makes a difference. Money in financial aid well spent and money in full time faculty makes a difference. Ms. Wellman stressed it is how it is spent and how intentional the spending is. The average student graduates with 15-20 additional credits than they need. In thinking about cost effectiveness, there needs to be a distinction between cost reductions and productivity improvements. We need to show evidence that we are doing what we need to do and pay attention to both sides of the equation. This requires a multi-faceted approach and not just moving to a performance based budget. There needs to be a strategic and comprehensive approach to cost management and efficiency.

Ms. Wellman offered comments on performance based funding. She said there has been a lot of push to move from enrollment based formula budgets to performance based budgets. The research about it shows it tends not to work. Performance based funding does not solve the problem of declining state resources. She indicated many places that used performance based funding used different formulas to capture incentives, and it became far too complex and nobody understood it. Research does show, however, success in creating better shared understanding between state policy, budget people and institutional leaders about data, student retention and student success. Ms. Wellman asked if in her opinion if it was worth doing and responded in this environment it would be good to do. However, she reiterated caution about getting too consumed in the details or making it too complex. She added that it doesn't solve budget problems, nor does it get people thinking of different strategies to use across institutions to tackle challenges of costs and productivity.

Mr. Edmunds asked if performance based funding is eyewash or if it creates results. Ms. Wellman indicated it is not eyewash and it doesn't create results. It is a mixed bag and it improves the focus on goals; it is not the only thing that moves the dial. It can result in greater clarity about expectations. It is a good technique for setting an agenda and can be an effective way to increase attention to results. But by itself it does not solve budget problems.

Mr. Soltman asked if it generates a better dialogue with legislators. Ms. Wellman indicated it does. She added that part of the budget problem is a lack of transparency and lack of clarity and there is not enough agreement about goals. She added if this is what brings people together to say here are our priorities, and you set up an incentive system with a few simple metrics that people understand and agree to, it can be very powerful. The problem has been it has been implemented at a time when budgets have been declining so fast that there's never any extra money to put around incentives.

Mr. Westerberg commented most of the performance based models he has seen are very modest. He suggested if there were a bigger dollar number, the likelihood of changing behavior is also greater. He also asked about the clarity of the data and how to use it for good measures if it was unclear. Ms. Wellman responded that the data and measures could be made better. The way most performance based programs have worked has been on the edges. The base gets established, and then extra is given for incentives, but in this environment, the base is gone before you get to anything. In most states, enrollments haven't even been funded. She recommended an enrollment enhanced approach to provide incentives to bring in students and to get them through to a degree. She cautioned again about too many details or complications. She recommended five or six measures at the state level.

Mr. Edmunds commented he expected to hear that performance based budgeting is a big deal, problem solver and the way to go; and was surprised to hear it is not a solution. Ms. Wellman said she is skeptical of performance based funding, but it does bring greater clarity and trust between public officials and institutional officials and forces greater clarity about higher education.

Mr. Soltman asked if it requires new money. Ms. Wellman responded if you wait for new money, you will never get it done. If you have your fixed costs as your priority (i.e., health care), you will never get to your other costs. She said she has never seen an outcome based budget that looked at finance and addressed the root cause of what's driving costs; you want to look at it in a more encompassing way with how your budgets are put together.

Mr. Edmunds commented he is optimistic they will see some increase in funding. Ms. Wellman suggested putting something together that implements performance based funding over a four or five year period. She recommended simultaneously looking at ways to reduce costs and reward the institutions that are doing what they need to be doing on spending reductions, increased retention and degree attainment, and enhanced enrollment. Ms. Wellman suggested biting off a bit at a time and managing into it with two or three priorities. Mr. Edmunds asked if she recommended any favorite priorities or measures. Ms. Wellman indicated she brought a paper to share today done by the Complete College America group about performance enhanced funding. She felt it is a sensible approach on an enrollment basis without too much complexity. She indicated it would be a good example to go toward, but she wouldn't stop there. She said the one thing the piece is lacking is it does not talk about the meat and potato part of the budget such as health care. Mr. Edmunds asked if this Board should be using this initiative or if there are others that they should pursue. Ms. Wellman responded she could not provide the answer to that question. She did say the way Boards talk about money is a very powerful tool they have over influencing performance.

Dr. Goesling asked about cost management as a way to approach the budgeting issues and looking at the different "buckets" more so than going to a solely performance based budgeting scenario, and to look at a comprehensive approach to cost management and efficiency to determine what's best across the state. He asked if other institutions have tried that approach and if they were successful. Ms. Wellman indicated other systems have tried to take a comprehensive approach and have looked at more than one thing at a time. She said some were successful, but maintaining an agenda and staying on course has been challenging because of the turnover in higher education. She recommended looking at Pennsylvania as an example.

Mr. Westerberg asked if anyone has looked at institutions that do cost based budgeting as a mechanism to send a signal to students for the value of the product, so that they are more efficient in the way they move through the system. Ms. Wellman responded there are differential tuitions and user fee systems are increasingly more common in both public and private institutions. No one has researched whether better consumer information leads to higher efficiencies, but the pattern has been that moving more to a user fee type system advantages certain types of institutions and certain types of programs, and likely disadvantages others. It is most problematic for core, lower division, general education kinds of things, which is where the largest student retention situation resides and has not been a wholesale change yet. Mr. Westerberg responded that it is likely if the student is covering the cost of the instruction, they are more apt to be serious about the class.

University of Idaho President Nellis asked Ms. Wellman to expand on mission and differentiation as far as performance criteria based on missions of institutions. Ms. Wellman responded that the first generation of performance based funding had a one-size fits all approach. The second generation had a different model and approach which was more sensible in that there

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were different progress indicators for different missions. Having only two or three measures at a statewide level is important to keep things simple.

Mr. Edmunds asked Ms. Wellman if she recommended going with a form of performance based budgeting. Ms. Wellman indicated putting an emphasis on performance would be sensible. She commented that staying with a straight, incremental budget in this environment would not get us where we need to go. Mr. Westerberg asked about the costs-per measures to track the efficiency of production. Ms. Wellman responded they have not seen these types of measures because so much of performance based funding is focused on the agenda of student success. She added that they need to also be looking at risk management and cost management in addition to student success. It would be appropriate to look for evidence of cost effectiveness along the student progress data.

Mr. Edmunds asked if there was a contrast comparison in zero based budgeting efforts and performance based budgeting, suggesting zero based budgeting may not be the right answer because it may not look at all the resources. Ms. Wellman agreed, commenting that re-rationalizing how the budget is put together and being able to look at the base differently would be good, adding that the process needs to be clear. Dr. Goesling commented that performance based budgeting tends to look at the cash flow side of the balance sheet and not the income side of the balance sheet. Dr. Goesling asked how we look at other possible income sources. Ms. Wellman indicated the importance of looking at the costs and in general in looking at both sides, including other funding sources. She felt if there was not a general fund source protecting the commons, it does not work. Dr. Goesling suggested looking at where money was invested between the time it comes in and the time it is spent, suggesting we could get a higher rate of return but retain the same safety rating. Ms. Wellman responded that the university system of Missouri made a comprehensive change in their budgets and the single largest place they realized resources was in renegotiating their bond rates. Ms. Wellman said there are ways to look at big savings on the administrative side.

Mr. Edmunds asked what lessons public institutions should be learning from private institutions in the way of performance based funding. Ms. Wellman responded it is hard to generalize because the data is not readily available. She remarked the degree granting private institutions' spending patterns are similar to public institutions with a couple of major exceptions. They spend more on student services and academic counseling than they do on faculty. They hire coaches and professional counselors and essentially have suppressed the faculty line. They spend a lot on recruitment as well and most don't have a physical plant. The way they are spending their money does not show a public institution the way to efficiency and effectiveness, it shows a different model. Ms. Wellman concluded there is no evidence the private institution model is contributing to student success.

Idaho State University President Vailas asked Ms. Wellman about infrastructure and commented that in public education, there is a bold infrastructure in which deferred maintenance is exponential. He felt that people often don't see this as an important element and it often remains unaddressed. Depleted buildings have a direct impact on student learning. He asked how that fits into efficiency, knowing it will be a real, but often unexpected, problem affecting costs. Ms. Wellman responded that she is unsure how to answer that question on deferred maintenance.

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She summarized a few options but pointed out there isn't a great solution. She added the maintenance of the assets and the infrastructure are very important and can't be left by the wayside and looking at those costs should be part of what the system does.

Dr. Vailas then asked if you focus on efficiency and its definition based on mission, along with cost effectiveness and its definition, it lays out what kind of performance an institution should be looking for. Ms. Wellman cautioned over analysis of this question because of how efficiencies are defined. She recommended again using a plain, straightforward approach appears to be the best way to look at these things, especially concerning efficiency and effectiveness. Ms. Wellman used the university system of Maryland as an example, stating they were quite successful with their efficiency and effectiveness initiative and recommended looking at it for reference. She added it was so well done, the students helped argue along with the legislature for tuition increase so they could get the classes they needed.

Boise State University Financial Vice President Stacy Pearson asked for favorite examples or new ideas of cost reductions seen by Ms. Wellman. Ms. Wellman responded a comprehensive approach is important and used Missouri as an example, summarizing what they did in a cost cutting approach. She also mentioned Pennsylvania and Wisconsin and pointed out Georgia's system is rethinking how it looks at transfer students from community colleges. She added the most money can be saved in the administrative side, pointing out the universities of California, North Carolina and Cornell have found huge benefit from bringing in outside consultants to look at administrative layering, analyzing reports and making recommendations. She said that is not always recommended, but sometimes it helps to have an outsider's perspective.

Ms. Wellman stated that half the money in higher education is going to something other than the academic programs. She commented in general that consolidation of administrative functions, data and information systems makes sense.

Lewis-Clark State College's Vice President for Finance and Administration Chet Herbst asked if she has seen examples of strategies or systems that have helped keep increases in check. Ms. Wellman pointed out there are a couple of examples, two of which are the work by Nebraska and Maine. Nebraska was looking at a cost for retiree health care which ate up 4% per year in budget increases – they weren't getting 4% per year, so all their money was going to retirees. A review group was put together and recommendations were made which took their unfunded liability from $70 million to $0. Current employees were paying for retirees, which is happening everywhere.

Ms. Atchley asked about strategic financing and how it would fit into this kind of scenario. Ms. Wellman responded that looking at an investment strategy is important. She commented that budget techniques used by private institutions are much better at taking a multi-year approach in funding. They can put together a funding plan and framework that makes sense. The trick for public institutions is how much they can pull together that kind of information and act on it. Changes in carry-forward policies can help as well. Looking at the multi-year framework of the private institutions can be very helpful for the public institution perspective. Dr. Rush pointed out that Idaho institutions cannot carry over their general account funds. They spend their

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general account funds and carry over their student fees. Ms. Atchley commented it would likely give a better picture of where the market for tuition is.

Mr. Freeman asked about performance based funding and about whether or not it is advisable to wait for new money or target a percent of the base, or both. Ms. Wellman's response was to not wait because it may not happen. Mr. Freeman asked in looking at the data from other states, is there an optimal amount. Ms. Wellman mentioned Pennsylvania's State System of Higher Education (PASSHE) as an example and how it works. She said their concept makes sense. It started at a percent per year with a plan to grow it every year, and to create two pools – one to be used at the discretion of the institution and one that is to be used at the discretion of the Board.

Mr. Freeman asked what happens when an institution does not meet its performance measures. Ms. Wellman responded there is a stop loss, but she has not seen money taken away because so many situations are beyond their control. She clarified the reward is in getting new money and that budgets are not cut for an institution's failure to meet goals, they just don't get new money. She added it is important to look at if there are mitigating circumstances to justify it or if the institution is underperforming. Ms. Wellman indicated Texas is about to put performance based funding into place. They are getting data to help set benchmarks that are not too high or too low. They plan to use University of Texas data as well as national data to determine reasonable benchmarks. Before they kick in any money, they are looking at what they should be measuring, what are the data to use for measuring, and how do they benchmark it. Then, they plan to do a dry run to see what would happen before actually implementing it and they are taking traditional approaches to find new money for initiatives, etc. They intend to look at measuring the right things and that the targets are set where they need to be.

Dr. Goesling asked if there have been successful techniques in Boards working with Legislators in helping them understand the problems facing higher education institutions. Ms. Wellman responded there both good and bad stories, adding it is helpful when there is a continuity and trust in leadership between the legislature and a Board. If people understand what the agenda is and what the rules are, it proves to be beneficial. Legislative and board turnover can also make the situation fragmented. Ms. Wellman indicated her concern is the fragmentation of institutional interest is against the whole. Some institutions think they can cut a better deal on their own. Competition drives up spending and doesn't necessarily direct it to academic programming. There needs to be a board or regulatory presence to discipline mission to some extent. Another concern is some of the stronger public institutions are renaming themselves as liberal arts institutions and giving up on serving the states' residents. It is becoming a trend and it is a true concern. In conclusion, Ms. Wellman commented just as we need to be thinking about improving how we deliver education, we need to be rethinking structures, roles and functions of systems and boards as well.

Following the discussion with Ms. Wellman, Mr. Soltman recognized that North Idaho College President Dr. Priscilla Bell is retiring at the end of June and that this is her last meeting. Dr. Bell offered a few comments and indicated she plans to stay in Coeur d'Alene during her retirement.

The Board adjourned from business at 3:35 p.m.

Thursday, May 17, 2012

The Board reconvened for business on May 17th at 8:00 a.m. at the Governor's (Simplot) House, in Boise Idaho, to meet in executive session for continuation of the Presidential evaluations. A roll call of members was taken.

Present:

Ken Edmunds, President
Don Soltman, Vice President
Emma Atchley, Secretary
Tom Luna
Richard Westerberg
Bill Goesling
Milford Terrell
Rod Lewis

Superintendent Luna left the meeting at 9:45 a.m. for other business.

EXECUTIVE SESSION (Closed to the Public)

M/S (Soltman/Goesling): **To meet in executive session to evaluate the presidents of Idaho's state higher education institutions and its executive director, pursuant to Idaho Code Section 67-2345(1)(b).**

M/S (Soltman/Goesling): To go out of executive session at 11:50 a.m. The motion carried unanimously.

BOARD RETREAT (Open Meeting)

The Board re-convened for regular business on May 17th at 12:15 p.m. for a lunch discussion. Jamie MacMillan, Executive Director from the Albertson's Foundation, introduced guest Dr. Ranis, Program Director of the Lumina Foundation. Dr. Ranis was previously a senior member of the Gates Foundation, recently served as a fellow at the Association of American Colleges and Universities, as well as a senior advisor to the Washington State based College Success Foundation. Dr. Ranis is a sought after speaker on challenges in higher education.

Dr. Ranis commented the Lumina Foundation is deeply involved with states to increase the attainment rate of Americans holding high quality degrees and credentials. Their goal is they would like to see 60% of all Americans holding quality degrees or credentials by 2025. She indicated that is the baseline for everything the Lumina Foundation does. She indicated in support of that goal, they are very data and metrics oriented. They put out a report called *Stronger Nation* which includes state reports. She commented we are at about 40% as a nation. The U.S. used to have the most post secondary degree holders in the world. As of 2011, we are 15th; Canada is second and Korea is first. In a state breakdown, Idaho is in the lower part of the pack at about 30%.

Dr. Ranis indicated she would like to talk about college access and success as dual goals for the mission, the alignment of K12 and higher education, data articulation, and Lumina Foundation's productivity agenda. She provided a handout entitled *Four Steps to Finishing First*, which is an

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agenda for increasing college productivity to create a better-educated society. It is about using the resources available more efficiently and having our higher education system tuned into producing degree holders.

Dr. Ranis spoke about access and success as dual goals and indicated for a long time in our country, the idea of getting people to college has been the focus of a lot of effort. Then, the focus changed from not only getting them into post secondary settings, but on getting them through the system. She commented the Lumina Foundation is not only about four-year degrees, but about getting any degree or credential of value that can propel an individual to the next level in their lives. She pointed out the importance of the sense of a pipeline of information for students and families and starting that information flow early; this system needs to go from pre-K through college. She suggested utilization of a calendar of predictable events and how helpful that would be to students and parents alike, and how it would serve as a launch pad for education. She used FAFSA day as an example, and added that there should be a seasonal, at-scale awareness that people to attach to it, like a week or day that everyone knows applications are due. She recommended Idaho adopting the National College Application Week which is recruiting states presently. The effort is being run by ACE. It builds off individual aspirations in building a state portal to build a system of better higher education and centralized information.

Next, Dr. Ranis spoke about academic alignment. She commented the biggest issue in their perspective right now is the adoption and implementation of common core state standards. She indicated the Lumina Foundation finds it very important because common core state standards upends the entire education system. She felt Idaho is beautifully equipped because of a unified Board to think about how best to move ahead. She said the implications for higher education are pretty clear. Idaho belongs to the Smarter Balance consortium for common core which will provide a series of assessments indicating when a student exits high school, whether they are college ready or not. That assertion that the student is ready has to be recognized by higher education institutions in the state. There is buy-in, understanding and trust that need to be built around the assessment so it will be commonly recognized.

She summarized the common core will operate by the standards that measure whether or not a student is ready for higher education. The system should flag students who need remediation before they reach the next step of higher education by using testing to assess current levels of college readiness. The challenge is how to use the diagnosis. She emphasized having enough knowledge about the students to determine how to respond to them.

Dr. Ranis recommended juniors take the Accuplacer test to determine college readiness. She summarized Accuplacer was created as a placement exam for entering postsecondary students. It is a baseline reading of where a student is in basic core skills they should have before entering college. The SAT is designed for a different purpose which is to measure aptitude to take on college level work.

Dr. Goesling asked why we are waiting for the junior or senior year to test students and why aren't they tested earlier? Dr. Ranis responded that the question is an important one. However, it is a full pipeline problem in need of thoughtful consideration. By the time the testing takes place, it is at the end of their secondary schooling and near the last shot for students. The

Lumina Foundation knows it is an important area, but in the sea of areas to work on they have chosen Higher Education and college access as their focus.

Mr. Edmunds asked how involved the Lumina Foundation wants to get with states. Dr. Ranis responded the Lumina Foundation is not technical assistance providers, but they could provide indirect assistance. They also can provide neutral convening space for discussions by various stakeholders. The Lumina Foundation can send out or refer experts in topic areas. They can also direct us to resources as well, and states who may have similar experiences so as not to recreate the wheel.

Rod Lewis asked about following up on setting dates for activities such as College Access Week. Dr. Ranis responded she is providing the Albertson's Foundation with that information and would send it to us as well.

Mr. Lewis asked about counseling guidelines in statute. Dr. Rush indicated there is nothing specific to counseling in statute. Mr. Lewis suggested rethinking that and working on adding counseling guidelines to statute.

Dr. Ranis and Ms. MacMillan thanked the Board for the opportunity to have a dialogue at this meeting.

The meeting was recessed for a short break and reconvened at 1:14 pm for the remainder of the agenda.

BUSINESS AFFAIRS AND HUMAN RESOURCES (BAHR)

1. Chief Executive Officer Salaries

BOARD ACTION

M/S (Terrell/Soltman): To approve a 2% salary increase for Dr. Robert Kustra, President of Boise State University, effective June 10th, 2012 for an annual salary in the amount of $343,138.20. The motion carried unanimously.

M/S (Terrell/Soltman): I move to approve a 2% salary increase for Dr. Duane Nellis, President of University of Idaho, effective June 10th, 2012 for an annual salary in the amount of $341,700. The motion carried unanimously.

M/S (Terrell/Soltman): I move to approve a 2% salary increase for Dr. Art Vailas, President of Idaho State University, effective June 10th, 2012 for an annual salary in the amount of $330,123. The motion carried unanimously.

M/S (Terrell/Soltman): I move to approve a 2% salary increase for Dr. Tony Fernandez, President of Lewis-Clark State College, effective June 10th, 2012 for an annual salary in the amount of $165,907.08 and to extend the current contract three additional years. The motion carried unanimously.

Mr. Lewis clarified that the term is a three-year term.

2. Idaho Public Television – General Manager Salary

BOARD ACTION

M/S (Terrell/Soltman): To approve an equity salary increase for Peter Morrill as General Manager of Idaho Public Television for FY 2013, at an hourly rate of $50.50 (annual salary of $105,040) effective June 24, 2012. The motion carried unanimously.

Board President Edmunds directed staff to provide Board members with an update on compensation for the June Board meeting.

3. Lewis-Clark State College – Capital Project

BOARD ACTION

M/S (Terrell/Atchley): To approve the continuation of the Lewis-Clark State College Fine Arts Building remodel ("design-bid-build") project into the construction phase, as

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recommended by the Division of Public Works and the Permanent Building Fund Advisory Council. The motion carried unanimously.

INSTRUCTION, RESEARCH AND ACADEMIC AFFAIRS (IRSA)

4. Higher Education Research Council Appointment

BOARD ACTION

M/S (Westerberg/Terrell): To appoint David Hill to the Higher Education Research Council effective immediately as the representative for the Idaho National Laboratory. The motion carried unanimously.

Mr. Westerberg introduced the item. Dr. Harold Blackman has been serving on HERC as the representative for the Idaho National Laboratory (INL). Dr. Blackman will be retiring and leaving INL. INL has forwarded David Hill's name for consideration by the Board as the INL representative on HERC. HERC is currently planning a meeting during the final weeks of May to consider the IGEM grant proposals. Approving David Hill as the INL representative at this time will give HERC a full complement of members when considering the IGEM proposals in May and the Incubation Fund proposals in June.

M/S (Terrell/Soltman): To adjourn at 1:20 p.m. Motion carried unanimously**.**

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